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IN THE  
**Supreme Court of the United States**

OCTOBER TERM, A. D. 1940.

No. 420

BEN ADLER SIGNS, INCORPORATED, AND ADLER  
SIGN LETTER COMPANY, INCORPORATED,  
*Petitioners,*  
*vs.*  
WAGNER SIGN SERVICE, INCORPORATED,  
*Respondent.*

**PETITION OF BEN ADLER SIGNS, INCORPORATED, AND ADLER  
SIGN LETTER COMPANY, INCORPORATED, FOR A WRIT OF  
CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE  
SEVENTH CIRCUIT AND BRIEF IN SUPPORT THEREOF.**

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*Counsel for Petitioner.*

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*To the Honorable, the Chief Justice and Associate Justices  
of the Supreme Court of the United States:*

Your petitioners, Ben Adler Signs, Incorporated, and Adler Sign Letter Company, Incorporated, respectfully pray the grant of a Writ of Certiorari to the Circuit Court of Appeals for the Seventh Circuit to review the judgment of that Court entered April 25, 1940, petition for rehearing denied June 14, 1940. A transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is furnished herewith in accordance with the rules of this Court.

## SUMMARY AND SHORT STATEMENT.

(1) This is a patent controversy, and the patents in suit relate to the signs on theater marquees, in which provision is made to periodically change the legends thereon by the use of readily mountable and demountable "individual letters". This controversy originally involved United States Letters Patent No. 2,038,978, owned by Petitioners, and Nos. 2,048,040 and 2,119,430, owned by Respondent, Wagner Sign Service, Incorporated.

(2) Respondent initiated this controversy by bringing suit against Petitioners on patent No. 2,048,040. Altogether, four suits were filed in the United States District Court for the Northern District of Illinois, Eastern Division, two by each party. Briefly, each of the said patents was in issue with respect to the devices of the corresponding defendants. The four suits were consolidated for trial, and, after hearing, each patent was held valid and infringed (Opinion of the Trial Court, R. 180). From the decrees entered in accordance with the opinion, both parties appealed to the United States Circuit Court of Appeals for the Seventh Circuit. The said Circuit Court of Appeals, in an opinion dated April 25, 1940 and reported in 112 F. (2d) 264 (R. 436), held Petitioners' patent No. 2,038,978 and Respondent's patent No. 2,119,430 *invalid*, and held Respondent's patent No. 2,048,040 *valid* and infringed by *one* type of Petitioners' sign, namely, the *notched flange* type of letter, but absolved Petitioners from the charge of infringement as to their other type, the *lug* type of letter. Petitioners' total sales were about equally divided between the two types (R. 82).

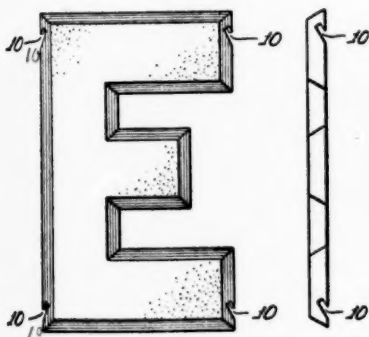
This petition is directed to what we believe is a novel,

but exceedingly important question of law relating to the misuse of the patent grant. Issues of validity and infringement of the said sustained Respondent's patent No. 2,048,040, hereinafter styled *patent in suit*, are incidental. The said patent appears in the record at pages 324 *et seq.* We are here not concerned with patents No. 2,038,978 and No. 2,119,430.

(3) All of the claims of said patent No. 2,048,040 which were in controversy before the District Court, namely, claims 4, 5, 6 and 8, are involved in this petition, as are Petitioners' *notched flange type letters* which were held to be an infringement of said claims.

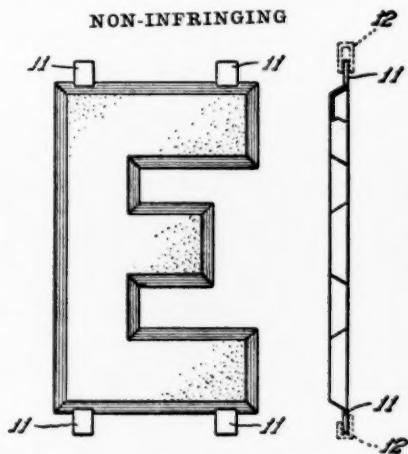
That the Court may quickly visualize the difference between Petitioners' two types of letters we show them below:

INFRINGING



Petitioners' notched flange type.

NON-INFRINGEMENT



Petitioners' lug type.

The only difference between these two types of letters is in the means whereby they may be easily mounted and demounted, so that legends may be periodically changed. The infringing type is mounted on bars by virtue of the

slots, whereas the non-infringing type is mounted between two channel bars by means of the protruding lugs. Infringement was charged as to both. That Petitioners' letters were no Chinese copies of Respondent's is amply shown by Respondent's advertisements, such as appear in the Record at pages 249, 251, 257, 273, 275, 281 and 285.

(4) The Petition presents the following main fundamental propositions:

A—Should the owner of a patent (of questionable validity) who misuses the grant (both before and after issue) to threaten and intimidate an entire industry by voluminous threatening and competition destroying correspondence and advertisement (which is at times not in accordance with the facts) be given the benefit of wide commercial acceptance (only in part due to the claimed feature\*) in order to turn the doubt as to the validity of the patent into a finding favorable to its validity?

B—Unfortified by erroneous conclusions based on commercial success, the said claims of said patent are invalid because of prior art, and are not infringed.

### PROPOSITION A.

#### (5) DOUBT AS TO VALIDITY.

(A) The United States Circuit Court of Appeals for the Seventh Circuit, in its opinion (R. 440), states:

"We must admit that at the commencement of our study of this patent in connection with the prior art, we were dubious concerning its validity, occasioned, no doubt, by the apparent simplicity of the construction disclosed. More careful consideration, however, leads us to the opposite conclusion. A study of the testimony is rather convincing that the industry, for many years, had labored under the handicap of unsatisfactory signs, and as the prior art amply discloses, much effort was exerted to remedy the situation. Numerous devices were recommended, tried, and

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\* One-half of Petitioners' sales were of the type held noninfringing, i. e., lug type letters (R. 448).

largely abandoned. That the silhouette sign, such as described by Wagner, met with hearty response on the part of theatre owners, is hardly open to question. They generally have supplanted the numerous letter advertising devices which had been theretofore employed. *This situation is rather persuasive to the effect that the patent describes an invention of merit.* The presumption of validity which attaches to its issuance, as well as the finding of the court below in favor of validity, supports our conclusion that it is valid." (Emphasis ours.)

The above passage, together with other passages in the opinion, clearly indicate that there was doubt as to validity, and that such doubt was resolved in the patent owner's favor because of claimed commercial success.

(B) The question of doubt as to validity is further emphasized by the following statement of the District Judge (R. 180):

"The Court: This case has given me a good deal of difficulty. During the last two weeks I have read and re-read your briefs. I went over them again last night.

"When I remember the difficulty I have had with the case and my lack of confidence in my conclusion, it is comforting to me to know, however I happen to decide the case at this moment, makes very little difference to either of your clients. I think that some months or years ago I would have decided this case differently from the way I am now going to decide it.

"I have wondered sometimes why that is so, and I think perhaps that it is due to a greater ability presently to refrain from taking the position of an advocate as against the Patent Office Examiner.

"The conclusions at which I have arrived, I do not think will be very satisfactory to either of you. It seems to me—these patents are either all good or all bad."



## (6) RESPONDENT'S MISUSE OF THE GRANT.

Prior to the issue date of the patent in suit (No. 2,048,040, July 21, 1936); Respondent, in August, 1935, began a campaign of threats *based on his patent application* to harass Petitioners' customers, and to demoralize Petitioners' business. These threats at many times lacked the character of truthfulness. This campaign (unbelievably voluminous in character) continued throughout the entire time that the litigation was in progress. This campaign was directed against *both* types of Petitioners' letters (lug-type and notched-flange type) those finally held *not* to infringe, and those held to infringe.

It is our respectful contention that a patent owner, who misuses his grant to threaten an industry into the belief of the existence of an alleged monopoly (50% non-existent and 50% doubtful) thus to eliminate competition, is not entitled to have the doubt as to the validity of his patent resolved in his favor because of claimed commercial success; more especially as the opinion of the Court shows doubt as to the features (patented or otherwise) upon which the success was based.

We show in the Appendix to this petition (pages 21 *et seq.*) certain evidence which will clearly indicate the utterly unpardonable wholesale campaign of threats which was indulged in by the patent owner (Respondent) in order to browbeat an industry. Petitioners, who also owned a patent which was involved in this litigation (though held invalid), did not indulge in any such campaign, but limited themselves to a truthful statement regarding the patent situation.\*

We respectfully urge that this Court place its stamp

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\* (R. 195) Petitioners' advertisement in the May 1936 "Signs of the Times" announced the granting of a patent on Adler "LETTERS and FRAMES". The Adler patent No. 2,038,978 (R. 321) issued April 28, 1936 and embraced the combination of removable frames and letters.

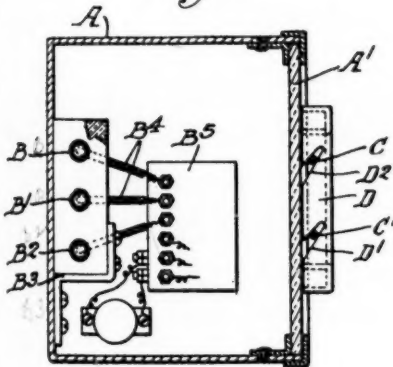
of disapproval on this *growing tendency* to pervert the beneficent characteristics of our Patent System,—whereby to unjustly stifle competition and interfere with and harass industry and commerce. Such conduct is all the more reprehensible, when it is based on a patent whose only claim to existence rests on minutiae. That this may be clear to this Honorable Court we digress for a moment to present the patent in suit and some prior art.

### PROPOSITION B.

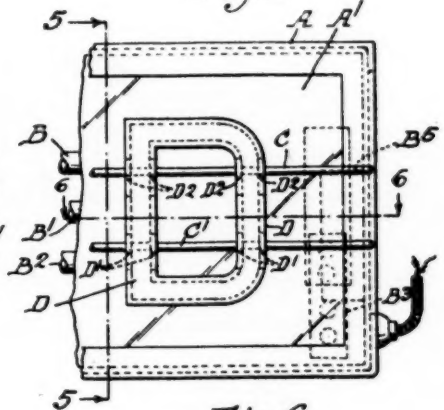
#### (7) PATENT IN SUIT.

The following drawings copied from the patent in suit illustrate the subject matter embraced by the patent (Wagner No. 2,048,040):

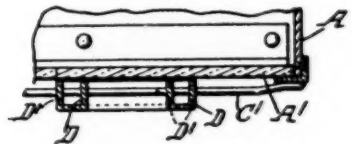
*Fig. 5*



*Fig. 4*



*Fig. 6*

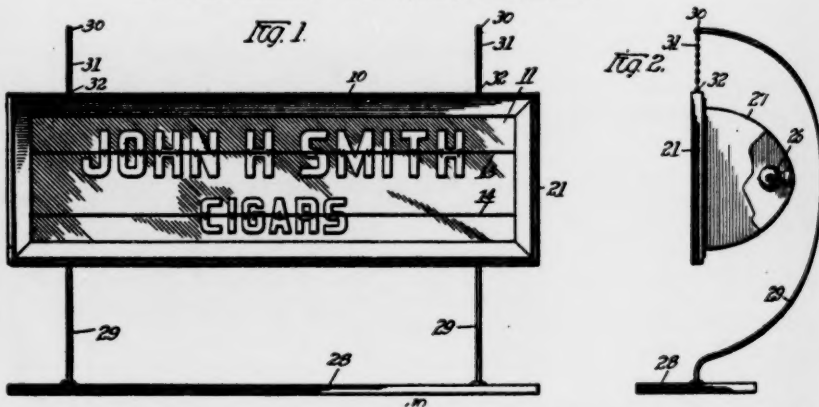


The claimed invention, broadly speaking, resides in a combination including a sign box A having one side closed by a translucent panel A<sup>1</sup>, illuminating means B within the sign box, spaced letter supporting rods C and C<sup>1</sup> extending across the front of the translucent panel and spaced therefrom, and interchangeable letters D having rearwardly extending flanges, said flanges being *notched* at D<sup>1</sup> and D<sup>2</sup> to engage said rods. Thereby the letters are removably mounted.

The declared on claims, claims 4, 5, 6 and 8, are set forth on page 34 of the Appendix.

(8) THE PRIOR ART.

A—Bindhammer No. 1,163,638 (1915):



Bindhammer discloses a chargeable silhouette letter sign comprising a sign box 21 having one side closed by a translucent panel 11, illuminating means 26 within the sign box, spaced letter supporting rods 13, 14 extending across the front of the translucent panel and spaced therefrom, and interchangeable letters removably supported on said rods. This is identical to the patent in suit except that the means *on the letters* by virtue of which they are easily changed, are slightly different.

(B)—Send No. 1,805,378 (1931):

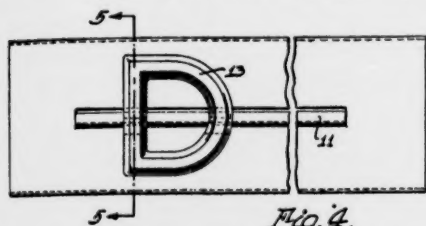


Fig. 4.

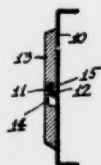


Fig. 5.

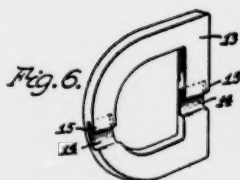


Fig. 6.

Send discloses a prior art letter having *notches* by means of which it may be removably mounted upon a wire or rod disposed in front of a background (in this case *not* a translucent panel). This letter corresponds to the letter of the patent in suit with the one and only exception that the patented letter is "hollowed out" instead of being solid as shown in this Send patent, and that the patented letter has two sets of notches.

(C)—Standish No. 1,884,335 (1932):

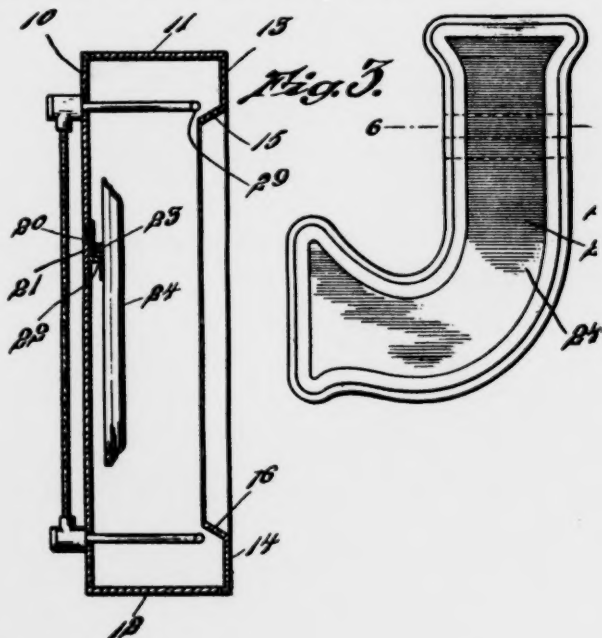
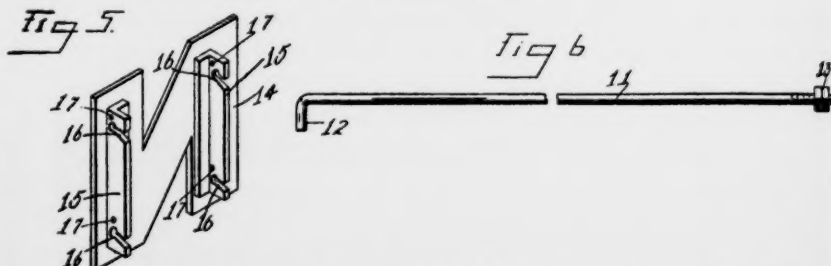


Fig. 3.

The Standish prior art letter 24 clearly discloses that "hollowing out" a letter, or providing a letter with marginal flanges, is not a new concept. Hooks 23 provide for mountability and demountability.

The Send and Standish patents were NOT CITED by the Patent Office during the prosecution of the patent in suit. In our opinion they must have been overlooked, as we cannot reconcile the issuance of the patent thereover.

(D)—Francis No. 962,630 (1910):



The Francis prior art patent further shows that it is old to mount a letter 14 on a rod 11 by means of two sets of notches 16 which notches are provided in a rearwardly extending flange 15.

The very LEAST that can be said about the above-mentioned prior art is that in view thereof the patent in suit is based on mere colorable variations thereof. The validity of the patent in suit is, at least, a DOUBTFUL question, and this the two Courts below clearly acknowledge (Proposition A). To resolve this doubt the Court of Appeals relies upon commercial success; but in our respectful opinion we feel that the Court itself did not know *which* features (infringing or non-infringing) (Respondent's or Petitioners') brought this about. May we elaborate this for a moment.

## (9) ERRONEOUS CONCLUSION RE: COMMERCIAL SUCCESS.\*

A careful study of the opinion of the Court of Appeals reveals uncertainty as to *which* feature of this collection of features (infringing, non-infringing,—letters, removable letter-carrying frame of Petitioners or “3 in 1” frame of Respondent) was responsible for the claimed commercial acceptance of the so-called patented sign. The Court concludes, however, that the largest measure of the commercial acceptance is attributable to the disclosure of Respondent’s patent in suit, and therefore, that the doubt as to validity of the patent should be resolved in the patentee’s favor.

To emphasize the importance of this point may we say that the other two patents with which this controversy was concerned in the Courts below (although not here involved) related to *removable letter carrying frames* which greatly facilitated the installation and maintenance of this type of sign (R. 321 and 335). Petitioners were the first to develop and use the removable frame, and Respondent adopted it. Petitioner’s patent No. 2,038,978 was the first to disclose such a removable frame, and it was further amplified in Respondent’s later patent No. 2,119,430.

The testimony of Respondent’s auditor shows that Respondent’s total sales jumped from \$56,000 in 1936 to \$133,000 in 1937 (R. 129). It was in the spring of 1937 that Respondent first announced his “3 in 1” letter mounting frame (R. 282), which frame we contended and contend is an appropriation of Petitioners’ *removable frame development*. Petitioners sold both the non-infringing *lug* type and the infringing *notched flange* type with equal facility (R. 82), so that in our opinion there is no real justification for attributing commercial success to one over the other.

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\* The direct testimony of Irwin Wagner, comprising some 25 pages in the Record (R. 84-109), is directed almost entirely to Respondents’ contention of commercial success.

## REASONS RELIED ON FOR GRANTING THE WRIT.

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While it is universally conceded that the patent system of the United States may probably be considered to be the largest individual factor responsible for the industrial and commercial supremacy of the United States, it is essential for the proper working of that system that there be no misuse of it.

As this Court is aware, the patent statutes have not been enacted for the purpose of building up fortunes for inventors, nor for the purpose of threatening innocent users,—they have been enacted “to promote the progress of science and useful arts” (U. S. Constitution, Art. 1, Sec. 8.)

Nothing can be clearer than that the progress of science is not benefited by carrying, what might possibly have been a lawful patent controversy, into the realm of industry by a campaign of threats and intimidations. Such flagrant misuse of the patent system by a patent owner should be so seriously frowned on by the Courts that doubts, which might otherwise have been resolved in favor of the validity of the patent owner's grant, should be resolved against the validity of a patent of questionable validity.

WHEREFORE, Your Petitioners respectfully pray that a Writ of Certiorari be issued out of and under the seal of this Honorable Court, directed to the Circuit Court of Appeals for the Seventh Circuit, commanding that Court to certify and send to this Court for its review and determination, on a day certain to be therein named, a full and complete transcript of the record and all proceedings in the case numbered and entitled on its docket No. 7,043,

Adler Sign Letter Company *et al.*, Defendants-Appellants, *vs.* Wagner Sign Service, Inc., Plaintiff-Appellee, and that the said decree of the Circuit Court of Appeals for the Seventh Circuit may be reversed by this Honorable Court, and that your petitioners may have such other and further relief in the premises as to this Honorable Court may seem meet and just; and your petitioners will ever pray.

MAX W. ZABEL,

*Counsel for Petitioners.*